



NEWS

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NGSA Stresses Importance of FERC Policy on Natural Gas Production In Statements at Natural Gas Conference

(Washington, D.C.) ... The Natural Gas Supply Association (NGSA) today stressed the importance and impact of Federal Energy Regulatory Commission (FERC) policies on natural gas production.

"All sources of natural gas are needed to meet domestic demand," said Mike Stice, President of ConocoPhillips' Gas and Power and President of NGSA's Issues Committee, who was representing the entire producing industry with his remarks. "We hope FERC acts on this message and assists our industry in the removal of the barriers to meeting our country's energy needs."

NGSA participated in FERC's Natural Gas Conference held today with two speakers: Mike Stice represented NGSA on the "Supply" panel and Bill Benham, Vice President of Regulatory Affairs for BP, and member of NGSA's Regulatory Affairs Committee, represented NGSA on the "Outer Continental Shelf" (OCS) panel.

Stice continued, "In the long run, producers are experiencing tight decline rates, basin exhaustion and increasing land access restrictions. Where will supply come from? In addition to our traditional sources of production, we will need to expand our unconventional production, push the limits of technology in the deepwater Gulf of Mexico, bring more natural gas into the US from Canada, provide access to reserves on state and federal lands, expand LNG capacity, and once commercially viable, tap into our vast supplies of natural gas in Alaska."

For the entire natural gas market to work efficiently, NGSA urged FERC to:

1. Continue to improve the pipeline permitting process;
2. Provide certainty on LNG jurisdictional policies on an expedited basis;
3. Ensure that offshore regulatory policies do not inhibit a supply response.
4. Eliminate discriminatory practices with respect to affiliate relations and capacity allocation; and
5. Finally, limit pipelines returns to just and reasonable levels.

Benham's main point to the Commission was to express concerns of the impact of recent FERC OCS policies on production by removing Natural Gas Act (NGA) jurisdiction over certain natural gas systems, saying "NGSA is recommending to FERC that it alter its gathering test for offshore pipelines to include an assessment of the impact of its decisions where this change in NGA jurisdiction is being considered. This would allow necessary protection of those that have historically relied on FERC regulations under the NGA."

The Federal Energy Regulatory Commission held the Natural Gas Conference, "to engage industry members and the public in a dialogue about policy issues facing the natural gas industry today and the Commission's regulation of the industry for the future."

NGSA represents integrated and independent companies that produce and market natural gas in the United States. NGSA is actively involved in pursuing regulatory and legislative issues that affect the association's members. Established in 1965, NGSA encourages expanded use of natural gas and supports regulatory and legislative actions that foster competitive markets.